

December 11, 2008

(Washington, D.C.) -- U.S. Congressman Jason Altmire (PA-04) voted last night to pass legislation that will provide relief to Pennsylvania seniors and businesses who have been hit hard by this year's decline in the stock market. The Worker, Retiree and Employer Recovery Act of 2008 (H.R. 7327) would suspend the tax penalty placed on seniors who fail to withdraw the required, minimum amount from their retirement accounts in 2009. This bill would allow seniors to maintain their savings in retirement accounts next year in order to potentially recoup some of the losses they experienced as the stock market plummeted.

“The stock market’s downward spiral this year has taken a tremendous toll on retirement accounts,” Altmire said. “Forcing seniors to withdraw a set percentage of their retirement funds in the midst of these losses could severely impair their ability to make back their money when the stock market rebounds. Waiving the tax penalty for one year will give seniors more control over their finances and will give them a chance to regain as much of their money as possible.”

Currently, the government requires individuals who have reached age 70 ½ to take an annual Required Minimum Distribution (RMD) from their retirement accounts. Failure to do this currently results in a 50-percent tax penalty on the amount that should have been withdrawn.

The Worker, Retiree and Employer Recovery Act would also ease funding requirements for employer-sponsored pension plans and multi-employer plans that have been negatively impacted in this economic downturn. Without relief, many employers would be required to make significant contributions to their pension plans, putting added pressure on their business operations and cash flow.

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“Businesses across every sector of the economy are struggling to maintain the cash on hand that is necessary to continue operating,” Altmire said. “This legislation will still require companies to fully fund their pensions, but it gives companies more time in which to increase their pension payments. Providing companies with this flexibility will help them avoid having to cut wages or jobs to meet their pension requirements.”